

Floor Statement Senator Pete V. Domenici

STATEMENT OF SENATOR PETE V. DOMENICI

MARRIAGE PENALTY TAX RELIEF (Conference Agreement/Final Passage)

Much like wedding couples feel when they finally reaching the altar, I feel an exhilaration that the Republican Congress is at last sending to the White House an affordable and fair end the terrible marriage penalty tax. The question now is will President Clinton bless this action or will he jilt millions of American married couples who deserve relief from one of the most unfair taxes imposed by the federal government.

Now, we will hear a lot of gnashing of teeth from opponents of this effort to allow families to keep more of their income instead of sending it to Washington to be spent. We will hear wailing about how this marriage tax repeal is too expensive, how it only helps the rich, and how it's too risky.

The fact is that it is not too expensive, risky or aimed at the wealthy. Let's review the truth.

The CBO has projected that American taxpayers will send Washington an astronomical tax surplus of more than \$2.2 trillion over 10 years, not even counting Social Security. Two-point-Two Trillion Dollars! Of that, Congress has proposed using only about 10-cents out of every non-Social Security surplus dollar for tax relief—including **both** the marriage tax and death tax repeals. One dime out of every dollar! Giving back about 10 percent of the tax surplus to families is reasonable and fair.

Now that we know the marriage penalty is affordable, let's see what this bill really does to see if it is unfair to low-income families.

Every taxpaying family pays some federal income tax at the 15 percent rate no matter what their income. This bill eliminates the marriage penalty on that money by making the tax bracket for a married couple twice the size of the bracket for a single individual. There's no right or logical reason a married couple should pay more in federal taxes just because they are married.

So, with this bill we have cut the taxes for the 305,105 New Mexico families who file joint returns. This is a great marriage penalty tax relief for New Mexico. It cuts taxes for most low- and middle-income married couples. Wealthier couples would receive smaller tax relief in percentage to their incomes.

An estimated 185,315 working-class New Mexico families will get a \$240 tax cut once this bill is fully phased in. That is about two out of three families filing a joint return. For many, this tax cut reduces their tax bill by up to 28 percent.

This bill is even more advantageous for the thousands of New Mexico families who benefit from the earned income tax credit (EITC) for the working poor. The marriage penalty is particularly hard on these struggling families. For this reason, our marriage penalty tax relief bill helps the 179,459 families in New Mexico who filed for the EITC. Many of them will see refund checks with as much as \$421.20 more than they get now.

For the 119,790 families with adjusted gross incomes in excess of \$50,000 they will see a larger dollar amount for their tax cut (ranging from \$1,040 to \$1,807), but a smaller percentage of their overall tax bill which will range from a tax cut of 3.9 percent for the highest income earners to 13 percent for those earning between \$50,000 and \$75,000 when fully phased in.

Finally, the bill doubles the standard deduction, adjusts the 15 percent bracket so that it is two times as wide as the 15 percent for people filing single; and it makes sure that the Alternative Minimum tax doesn't erase the child credit and other tax credits, and reduces the marriage penalty for the working poor by making modifications to the EIC.

So in brief, we've learned that this bill does six truths about this bill:

1. It uses less than 10-cents of every non-Social Security surplus dollar for tax relief.
2. It treats married couples as fairly as it treat single folks.
3. It cuts taxes for most low- and middle-income families.
4. It provides more Earned Income Tax Credits for the working poor.
5. It protects families from the Alternative Minimum Tax that makes other tax cuts useless.
6. It is ultimately affordable and fair.

I celebrate its final passage and encourage President Clinton to do the right thing and bless this bill with his signature. Let's make the marriage penalty would be but an unfair memory.